

Agency Revamp by Obama May Diminish U.S. Trade Representative's Position

By William McQuillen - Jan 13, 2012

A proposal by President [Barack Obama](#) to reorganize U.S. trade agencies would force together departments that have different missions, something industry groups say may diminish effectiveness.

Obama announced today the first step in a plan to revamp the federal government, which includes combining the U.S. Trade Representative's office and Commerce Department, among others, and reducing the workforce.

"The point is that USTR works," said Susan Schwab, a trade representative during [George W. Bush's](#) administration and now a professor at the University of [Maryland](#) at [College Park](#). "You want from the Commerce Department a full-throated, unapologetic advocate for the U.S. industry. You don't want an agency that has to pull its punches."

She said it ould be "crazy to fold" the trade office into the [Department of Commerce](#) or some bigger entity because it's small size is what has made it effective.

[Gary Hufbauer](#), a senior fellow with the Peterson Institute for International Economics in Washington, said the current structure of multiple agencies creates confusion, especially for small businesses.

'One-Stop Shopping'

Hufbauer said, "For most companies that have an issue with the government, it's one-stop shopping."

The improved efficiency may not be realized immediately as the changes could take time, Hufbauer said. Companies, such as [Boeing Co. \(BA\)](#), are waiting to review specifics of the reorganization.

"In principal , we support efforts to increase the efficient function of government, including by means such as consolidation or streamlining of processes," Sean McCormack, spokesman for Chicago-based Boeing, said in an e-mail. "We will need to study today's proposal in more detail to ensure that critical, effective functions of government are not diminished as a result of the proposed consolidation."

The president said his plan is aimed at making the U.S. government leaner and more consumer-friendly. The first step, which requires action by Congress, would be to merge six trade-related agencies, now spread out among different departments, into a single unit.

“It’s redundant and inefficient,” Obama said today in [Washington](#). “With the authority I am requesting today, we could consolidate them all into one department with one website, one phone number and one mission -- helping American businesses succeed.”

CEO Power

Obama is seeking the ability to combine federal agencies, and let Congress approve or reject the plan without amendments. This would restore power to reorganize agencies that had been granted to presidents.

[John Engler](#), president of the Washington-based [Business Roundtable](#), an association of chief executive officers, said he supported Obama’s authority to reorganize the government.

“In companies across America, CEOs react to rapidly changing conditions,” Engler said in a statement. “They have to be able to eliminate inefficiencies and deploy resources where they will be most effective. In the federal government, the president should have the same ability that CEOs and many governors have.”

The business and trade functions of the Commerce Department along with the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corp., the Trade and Development Agency and the [Small Business Administration](#) would be consolidated into one department. The National Oceanic and Atmospheric Administration would move to the Interior Department from Commerce.

Negotiator as Arbiter

Currently, the trade representative negotiates free-trade and multilateral agreements while Commerce enforces them, [filing](#) complaints over violations, and promotes exports.

Lumping those functions together could hurt both. Negotiators may be more likely to add exceptions to accords, hampering enforcement, said [William Reinsch](#), the president of the [National Foreign Trade Council](#).

“You don’t want your trade negotiator to be the arbiter of trade law and enforcement,” Reinsch said. “The concessions to trade laws would be overwhelming.”

The reorganization may lead to confusion at a time when the administration is trying to boost trade and reduce unemployment, said Scott Lincicome, a trade attorney with White & Case LLP in Washington.

“It raises concerns -- which agency will become the more dominant?” Lincicome said.

Doubling Exports

Obama has set a goal of doubling U.S. exports to \$3.14 trillion by 2015, from \$1.57 trillion in 2009. The U.S. exported \$177.8 billion in goods and services in November, with shipment for the past year totaling \$2.09 trillion, according to data released today from the Commerce Department. The 12-month total is more than 32 percent higher than 2009.



“The administration has to carefully consider the importance of collapsing nimble and adept agencies such as USTR into a broader organization when you’re dealing with markets that are as complicated as [Russia](#) is,” said Randi Levinas, executive vice president of the U.S.-Russia Business Council, with members such as [General Motors Co. \(GM\)](#) and [Exxon Mobil Corp. \(XOM\)](#)

[Scott Paul](#), the executive director of the Washington-based Alliance for American Manufacturing, said Obama’s efforts are misguided unless they [deals](#) with a high trade deficit, loss of manufacturing jobs and illegal trade practices of U.S. partners.



“Moving boxes and people around won’t change the approach, it will only divert attention away from the real challenge -- restoring economic growth and opportunity,” Paul said in a statement.

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